

East Kashagan field on the Caspian Sea is expected to put Kazakhstan among ten leading world oil exporters in the first quarter of this century. Kazakhstan is also rich in natural gas, and has vast gold, uranium, ferrous, non-ferrous and rare earth metal deposits. In addition, Kazakhstan has a highly developed agricultural sector, noted especially for grain and meat production.

The potential for cooperation and progress is great, and the time for action now. We must break away from the outdated constraints of a past era and seize the opportunity to put trade ties with Kazakhstan on a more solid, mutually beneficial basis.

Mr. Speaker, keeping in mind the importance of promoting and developing active U.S. trade relations with Kazakhstan which will not only open this huge market for Americans but also help to pave the way for true democracy in this country, I proudly cosponsored the legislation (H.R. 1318) that would grant permanent trade relations to Kazakhstan.

I am enclosing a letter from the U.S.-Kazakhstan Business Association signed by U.S. companies asking for our support to strengthen bilateral trade relations with this country by passing H.R. 1318 and the article "Cheney Aims To Drill Afar and Wide", published in "Washington Times" on July 20, 2001.

U.S.-KAZAKHSTAN  
BUSINESS ASSOCIATION,  
July 23, 2001.

Representative EDOLPHUS TOWNS,  
Rayburn House Office Building,  
Washington, DC.

DEAR REPRESENTATIVE TOWNS: On behalf of the U.S.-Kazakhstan Business Association, I wish to convey the Association's strong support for the granting of permanent normal trade relations (PNTR) to Kazakhstan. We wish to encourage early approval by the Ways and Means Committee of H.R. 1318, introduced by Representative Pitts, and supported by you and other co-sponsors.

Association members include major U.S. corporations that have been in the forefront of Western investment in Kazakhstan. They are very deliberate about their decisions to enter emerging market economies and have seen the many positive advantages that investment in Kazakhstan affords. As energy sector revenues grow and spread through the country's economy, the Association seeks to encourage diversified investment in other sectors, such as agribusiness, mining, petrochemicals, and telecommunications. For these investments to be economic, however, it will be important for Kazakhstani firms, as well as joint ventures formed with American investors, to have predictable non-discriminatory access to U.S. markets. Looking ahead to Kazakhstan's eventual accession to the World Trade Organization (WTO), our members will be particularly interested in our government being able to avail itself of all its rights under the WTO with respect to Kazakhstan.

Historical criteria that have withheld non-discriminatory access for Kazakhstan products are no longer relevant. The country continues to make stepwise political and economic reforms that are attracting and retaining foreign investors. Kazakhstan courageously chose to de-nuclearize after independence and has fully supported nuclear nonproliferation objectives, dismantling bombers, missiles, and related facilities. It has complied with U.S. emigration requirements, and recently has taken considerable

strides toward creating a free-market economic system—a development already recognized by the European Union. While the U.S. and Kazakhstan concluded a bilateral investment treaty in 1992, from its independence, Kazakhstan has demonstrated a strong desire to build friendly and cooperative ties with the U.S. across a broad range of relationships. The Association, therefore, believes it is in the best interests of the United States to approve PNTR for Kazakhstan and promote further development of more normal trade and investment relations between the two countries.

Similar letters have been sent to Representative Thomas and Representative Rangel of the House Ways and Means Committee, the Chairman and Ranking Minority member of the House International Relations Committee, and, regarding S. 168, to the Chairmen and Ranking Minority Members of the Senate Finance Committee and the Senate Foreign Relations Committee. In addition, sponsors, co-sponsors, and each member of the above committees have received courtesy copies.

The member companies and organizations listed below support the Association's position favoring PNTR for Kazakhstan and the respective House and Senate bills. Should you or your staff have any questions, please do not hesitate to contact me at (202) 434-8791.

Sincerely,

WILLIAM C. VEALE,  
Executive Director.

List of Members Supporting H.R. 1318: ABB Inc.; Access Industries, Inc.; ACDI/VOCA; The AES Corporation; American Councils for Int'l Education; Bechtel Corporation; Chevron Corporation; Citizens Network for Foreign Affairs; Columbia University Caspian Project; Coudert Brothers; Exxon Mobil Corporation; Deere & Company; Fluor Corporation; Halliburton Company; International Tax & Investment Center; NUKEM Inc.; Parker Drilling Company; Parsons Corporation (membership currently being processed); Phillips Petroleum Company; Texaco Inc.

[From the Washington Times, July 20, 2001]

CHENEY AIMS TO DRILL AFAR AND WIDE

(By David R. Sands)

Debates over drilling at home have dominated the headlines, but the Bush administration's energy plan also calls for some aggressive prospecting in overseas markets as well.

Kazakhstan, Russia, India and even Venezuela stand to be big winners under key sections of the energy program, released by a task force headed by Vice President Richard B. Cheney on May 18.

Energy needs would assume a much greater role in considering whether to apply economic or other sanctions against unfriendly governments.

"There's a lot going on, on the international side in that report, and it's going to matter a lot to the entire global energy market," said Robert E. Ebel, director of the energy and national security program at the Washington-based Center for Strategic and International Studies (CSIS).

"The path the U.S. chooses on production and consumption will have a huge impact on the rest of the world," Mr. Ebel said.

The Bush plan calls for a major diversification of oil suppliers, away from the longstanding reliance on unstable or unfriendly Middle Eastern producers.

"Concentration of world oil production in any one region of the world is a potential

contributor to market instability, benefiting neither oil producers nor consumers," the report said.

A survey released by the American Petroleum Institute (API) on Wednesday could boost the Bush plan, which faces a tough time in Congress.

The oil industry trade group found that U.S. crude oil imports for the first half of 2001 hit a record average of 60 percent of total demand, or 9.2 million barrels per day. Oil imports in April accounted for 62.8 percent of total demand, "the largest (monthly) share in history," API said.

Officials in the Central Asian country of Kazakhstan have expressed satisfaction with the Bush administration's focus on their market, where recent oil field discoveries have attracted intense industry interest.

"The new administration has showed a very complete and mutual understanding of the cooperation we hope to have in the future," Vladimir Shkolnik, Kazakhstan's vice minister for energy and natural resources, said in an interview during a Washington trip this spring.

"I get the feeling they understand very well our potential," Mr. Shkolnik said.

While saying private investors must lead the way, the Cheney report devotes considerable time to the Kazakh market, urging U.S. government agencies to "deepen their commercial dialogue" with Kazakhstan.

The report also endorses the proposed pipeline from Baku, Azerbaijan, through Georgia to the Turkish port of Ceyhan. Enthusiastically backed by the Clinton administration, the Baku-Ceyhan pipeline has been resisted by Moscow, which sees the project as an effort to bypass Russia.

"The big question has always been how to get the oil and gas to market. With private companies like (British Petroleum) really pushing the pipeline, it's hard to see how the Bush administration could do a 180-degree turn from what the Clinton people were recommending," Mr. Ebel said.

To complete the bypass of both Russia and Iran, the Cheney report's authors called for the State Department to push for Greece and Turkey to link their gas pipeline systems, allowing even easier access to European markets for Caspian gas.

But Russia is also one of several other international producers that the Cheney task force recommends should be encouraged. Russia has about 5 percent of the world's proven oil reserves and a third of the world's natural gas, but needs major Western investment and significant legal and commercial reforms to exploit its potential.

While urging continued pressure on Middle East suppliers like Saudi Arabia and Kuwait to open their markets to foreign investors, the Bush administration blueprint seeks suppliers much farther afield.

Despite a series of sharp political and diplomatic exchanges with Venezuelan President Hugo Chavez, the United States should push to conclude a bilateral investment treaty with Caracas, said the administration proposal, and begin talks with Brazil to boost "energy investment flows" with both of the South American powers.

The report also directs U.S. agencies to help India "maximize its domestic oil and gas production," as well. One foreign policy recommendation that has taken some hits is the Bush proposal to include "energy security" as a factor when considering the usefulness of economic sanctions.

The administration was forced to retreat in the first congressional fight over such sanctions, in the face of strong bipartisan support for maintaining current restrictions on trade and investment with Iran and Libya.